



# Budget Speech

OF

**THE HON. ERNEST C. MANNING**

TREASURER OF THE PROVINCE OF ALBERTA

**Delivered on March 7th**

**1947**

IN THE

**Legislative Assembly of Alberta**

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF  
FINANCIAL AND GENERAL INFORMATION

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PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY

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1947



**BUDGET SPEECH**  
**DELIVERED BY**  
**THE HON. ERNEST C. MANNING**

*Treasurer of the Province of Alberta*

March 7, 1947

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**MR. SPEAKER:**

It is my privilege, at this time, to move that you do now leave the chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to His Majesty.

Since the last occasion, when it was my responsibility to move this motion, the economy of our Province, in common with the rest of Canada, has felt the impact of the numerous factors peculiar to a period of transition from war to peace.

During the long years of war, our Provincial as well as National economy tended to become stabilized on a war-time basis. With the continuation of an era of peace, we all desire a comparable stabilization of our economy on a satisfactory peace-time basis. In between those two positions lies the difficult transition period of readjustment through which we are passing at the present time. I would like you to regard the Budget that I present to-day as a Transition Budget especially designed for a transition period. There is no more important period in the life of a country or a province. Errors in judgment, mismanagement of our public affairs or failure to exploit every avenue of opportunity that is ours to-day, could seriously jeopardize the future of our Province and prejudice the best interests of our people. Under these circumstances, a particularly heavy responsibility rests, at the present time, upon each and every member of this Assembly. We are the custodians of the future, as well as the present, welfare of the people who have sent us here as their representatives. The faithful discharge of our duty requires that we rise above the shallow bulwarks of partisan considerations and apply to the task, which is set before us, minds unfettered by political bias and personal prejudice. If we exercise sound judgment and combine with it intelligent and vigorous action during this period of transition, we can do much to ensure the future security of our people and the orderly development of our entire Provincial economy. Sound judgment and intelligent action require a comprehensive knowledge of the numerous factors upon which our decisions and our actions must be based. In presenting this Budget I am most anxious, therefore, to provide the honourable members and the public generally with a comprehensive and factual report on the financial affairs of the Province together with a brief review of the prevailing economic conditions, with particular reference to those major factors in our economy which have a direct or indirect bearing upon the present and future development of our Province.

## AGRICULTURE

Although both the crop yield and quality of grain were adversely affected in certain areas of the Province due to unfavourable weather conditions, the yield was above the average and the average volume of production was substantially in excess of the production in the previous crop year. The prices received by the producers for their products were also generally higher; and the total gross returns from our basic industry reached the highest dollar value in the history of this Province.

The gross value of grain crops is estimated at \$243,000,000, an increase of \$77,000,000 over the previous year. Root and fodder crops are valued at \$28,000,000, an increase of \$6,000,000. The gross value of all field crops totalled \$279,000,000, an increase of \$83,000,000, as compared with the price value for the year 1945.

The production of sugar beets totalled 385,000 tons, an increase in excess of 20,000 tons over the previous year. The estimated final returns to some 1,338 growers will approximate \$4,700,000, an increase of \$800,000 over the final returns for the 1945 crop. Production of sugar totalled 106,000,000 pounds, an increase of 6,000,000 pounds. The output and value set a new record in the Province; and I might add that the production in this Province exceeded the production of sugar beets and beet sugar in the Province of Ontario by over 155,000 tons of beets and 36,000,000 pounds of sugar. It is of interest to note that the total production of sugar in Canada amounted to only 18% of the amount consumed; and Canada is dependent upon imports for 82% of her sugar requirements. This Province, with its irrigated lands and climatic conditions, is in a most favourable position for the expansion of this industry. Efforts will be continued to increase the production of sugar beets; and we are hopeful that at least one, and possibly two, additional refineries will be established when equipment and building materials are available and when a sufficient tonnage of beets is assured.

The value of live stock marketed during 1946 amounted to \$91,000,000, a decrease of \$12,000,000 compared with the value of the year 1945. The shrinkage in value was mainly attributable to a decrease of approximately 700,000 head of swine marketed, with a resultant decrease in returns of over \$13,000,000. The number of hogs marketed in 1944 totalled 2,981,940; in 1945 the number decreased to 1,946,000, followed by a further decrease to 1,250,602 head for the year 1946. Our people generally are familiar with the various factors which have contributed to this serious decline in hog production. Some adjustments in price have been made during recent months and in view of Britain's urgent need for increased food supplies and because of the importance of retaining the British market for Canadian agricultural products, it is hoped that the farmers of our Province will take steps to increase their production during the present year.

Dairy products were valued at \$36,700,000, an increase of \$2,100,000 over that of the previous year. Poultry produce resulted in a gross return of \$21,000,000, a slight gain of \$500,000. The production of honey increased from \$900,000 to \$992,000; and the returns from pelts marketed from fur farms totalled \$2,200,000.

The total gross value of all agricultural products is estimated at \$432,197,000, a substantial increase of \$74,000,000 over the final

figures for the year 1945, and an increase of over \$223,000,000 as compared with the total value for the year 1940.

The year 1946 marked a number of developments with respect to agriculture as a result of post-war readjustments. The removal of certain wartime controls and price adjustments for farm products resulted in some apprehension on the part of primary producers generally. While there is some difference of opinion with respect to the prices provided in prevailing commodity marketing agreements with the United Kingdom, the fact that the Canadian primary producer is assured a reasonably long-term market for his major products is in itself extremely important. With such assurance, the individual producer is in a position to plan his production programme for a period of two to four years. This period of assured markets will enable our farmers to establish themselves in a more secure position to meet any readjustments which may be necessary when the United Kingdom and European Countries now dependent primarily on Canadian agriculture for food products, regain to a greater degree, a self-sustaining economy.

### NATURAL RESOURCES

The total value of products from our natural resources for the year 1946 was \$74,400,000 compared with a total of \$62,627,000 the preceding year, an increase of \$12,000,000. The production of petroleum totalled 7,138,164 barrels valued at \$14,348,000, a decrease of 917,276 barrels as compared with the year 1945. Production from the Turner Valley Field decreased 1,050,000 barrels to 6,372,043 barrels. In areas other than Turner Valley the production totalled 766,121 barrels, an increase of 132,742.

In the Budget address of last year, I referred to the very extensive programme of exploration being carried on in the Province. The recent announcement concerning the bringing into production of a well near Leduc is of great interest. The oil is of good quality and is being produced from the Devonian limestone at a depth of around 5,000 feet. Preliminary production tests are very favourable; but the extent of the field and its productivity cannot be forecast until several wells are drilled.

During the year the search for new oil and gas fields continued; 240,900 feet were drilled in wildcat areas, and 160,000 in known oil and gas fields, making a total footage of over 400,000 feet. More than 3.5 million dollars were expended in exploratory examinations consisting of magnetometer surveys, test holes and geological work; and approximately \$5,000,000 was spent in drilling.

The production of coal totalling 8,735,000 tons, valued at \$37,720,000, showed an increase of 933,000 tons, and \$5,021,000 in value, as compared with the previous year. The production was derived from 209 mines; and the largest number of men employed in any given month reached a total of 9,319. There is an increased demand for the better grades of our coal in the Provinces of Manitoba and Ontario. For several years past we have urged the Dominion Government to adopt a national coal policy which will widen existing markets and establish greater permanency for the coal industry. We were surprised and very disappointed that the report of the Coal Commission was not more definite in its recommendations, but are still hope-

ful that the Dominion Government will see the necessity of doing something of a definite and permanent nature in the interests of this most valuable industry.

The demand for forest products continues to increase; and the production of over 278 million board feet valued at \$15,000,000 exceeded the valuation of the previous year's output by \$4,000,000, an increase of 35%. When reviewing the revenue section of the estimates later, you will note the increased receipts anticipated from this source.

The production of salt at McMurray was 31,683 tons, an increase of 2,300 tons, valued at \$316,830. Other extensive deposits of salt have been discovered within the Province and definite action is being taken toward the development and production of this very valuable natural resource.

The Government has adhered consistently to its policy of encouraging private enterprise to develop our natural resources, and by retaining title to such resources in the name of the Crown, obtaining by means of taxation, rentals, fees and royalties a fair share of the returns accruing from their development for the people of the Province as a whole.

### INDUSTRIAL DEVELOPMENT

The Minister of Trade and Industry has furnished this Legislature with a detailed report on the industrial development which has taken place in the Province during the past year. Difficulties in obtaining suitable premises, building materials and equipment have undoubtedly delayed the establishment of several industrial concerns. It is encouraging to note that sixty-six new industries were established and are now operating, employing approximately one thousand persons.

Greater industrialization will do much to ensure our future economic stability and therefore the Government intends to pursue vigorously its policy of promoting and assisting orderly industrial development.

I am pleased to record the Government's appreciation of the co-operation and active assistance which our programme of industrial promotion is being accorded by various Chambers of Commerce and Municipal Boards and officials throughout the Province.

### ST. MARY'S-MILK RIVER DEVELOPMENT

In my address of last year, I mentioned this project as a part of a large scale irrigation programme which, when completed, would add some 345,000 acres of land in the Taber, Medicine Hat and Milk River areas to that already under irrigation. As a preliminary step, the Province, the previous year, had undertaken the construction of the East Pothole Coulee Dam, an integral part of the larger project. This work has been in progress for almost a year; and will be completed during the coming summer. During the past year, the Dominion Government awarded two contracts involving an expenditure of over \$2,800,000; and construction is now well underway. Negotiations with the Dominion Government have been carried on for some time in an endeavor to work out a fair and equitable agreement whereby each Government will carry its fair share of the costs of

construction, colonizing and maintenance of the several proposed projects in the Province. Substantial progress has been made along this line and I am hopeful that it will reach fruition in the very near future.

The project known as the Lethbridge South Eastern or St. Mary's Milk River will involve a total expenditure of a sum in excess of \$15,000,000.

### **CO-OPERATIVE ACTIVITIES**

During the past year 27 new co-operative organizations were incorporated; and the number carrying on business as at December 31st, 1946, totalled 314. Complete figures from 232 units as at December 31st, 1946, show a volume of business transacted of over \$102,000,000, and total assets of \$31,000,000, with a total membership of 194,850. The Credit Unions now operating total 169, an increase of 20 during the year. Their assets on December 31st, 1946, amounted to over \$1,500,000, with a membership of 18,128.

These organizations, operating for the mutual benefit of their members, are becoming of increasing importance in the business life of this Province. Not only have marketing co-operatives been instrumental in effecting substantial savings to their members; but as a result of their operations, other non-co-operative marketing agencies have now adopted the policy of paying patronage dividends to their producer patrons in addition to the current market price. Consumer co-operatives have also, by their methods of operation, tended to influence the price levels on many commodities, resulting in savings to the general public. The Government will continue to give every reasonable assistance and encouragement to sound co-operative enterprises and will promote the further expansion of this important factor in our Provincial economy.

### **LIVE STOCK FEEDERS' ASSOCIATIONS**

Under the provisions of The Feeders' Associations Guarantee Act of 1937, we have continued to guarantee advances to Live Stock Feeder Associations enabling them to purchase feeder cattle and sheep on behalf of their members.

During the feeding season ended June 30th, 1946, 9,556 cattle and 60,845 sheep were purchased by fifteen Feeder Associations at a cost of \$1,098,000 for distribution to 319 members. No losses have accrued to the Government under its guarantee; and this policy has assisted many farmers with ample supplies to realize increased returns by feeding and finishing live stock for market. Many members of these Associations have, in recent years, improved their financial position to such an extent that they are now able to finance without Government assistance; and this is largely attributable to the benefits derived from this legislation in preceding years.

### **THE ALBERTA HAIL INSURANCE BOARD**

The Alberta Hail Insurance Board has now completed its ninth year of operations. The volume of hail insurance written during the past year was the largest since the inception of the Board or by any other agency in the Province. Hail insurance was issued to 16,551

farmers, covering slightly more than 3,000,000 acres of grain crops. Losses paid to farmers, whose crops were damaged by hail, totalled \$770,484. As a result of the year's operations, the reserve fund of the Board as at March 31st, 1947, will approximate \$1,235,000.

In order to afford added protection to farmers, it is proposed to amend the present Act during this session of the Legislature, to enable the Board to provide protection against hail damage on crops after they have been cut and are lying in the swath or in the bundle. This added protection to farmers will be given without any increase in the premium rate.

During its nine years of operation the Board has returned to farmers sixty-five cents out of every dollar collected in premiums. Of the balance of 35% retained by the Board, approximately 50% has been placed in the Reserve Fund, and the balance has taken care of all operating expenses.

The creation of an adequate reserve is essential. However, when this fund reaches the amount required, it is anticipated there can be a further reduction in the average premium rate.

The Board was established to provide insurance at the lowest possible rate; and, as you are aware, operates without governmental guarantee or financial assistance by the Government.

### GOVERNMENT INSURANCE

I am pleased to record a further substantial increase in both the fire and life insurance policies written by the Alberta Government Insurance Office. Fire Insurance policies in force at October 31st, 1946, totalled \$81,989,576, a substantial increase of 33% for the year. Life insurance policies in force at December 31st, 1946, amounted to \$2,334,871, an increase of approximately 28% as compared with the same date in the preceding year.

The liability of the Government under the fire policies issued is substantially decreased by the re-insurance of a substantial portion of the risk in addition to the reserve set up from earnings of the office.

The value of this service to the public is evidenced by the volume of business written. The operation of the Insurance Office has effected worthwhile savings to those placing their insurance with the Government, and has resulted in reduced rates for fire insurance generally throughout the Province.

### TREASURY BRANCHES

During the past year the Alberta Government Treasury Branches' statements reflect a further growth in deposits and an increase in the volume of business handled. The number of accounts as at January 31st, 1947, totalled 52,626, an increase of 2,375 as compared with the number as at December 31st, 1945. Deposits on the same date total \$26,529,000 including \$24,595,000 from the public, an increase in deposits from the public of \$2,500,000 when compared with the deposits on the same date in the previous year.

Loans totalling \$6,530,000 on January 31st, 1947, include advances of \$1,190,000 to Municipal and School authorities.



Readily realizable assets total over \$19,000,000 consisting mainly of cash, and Dominion of Canada bonds to the extent of \$15,750,000.

The statement of operations for the year ended March 31st, 1946, showed a surplus of \$65,295; and the statements to date for the present fiscal year indicate the revenues will again result in a moderate operating surplus.

Forty Branches, 17 Sub-Branches and 139 Agencies are now providing service to the public. Provision is made for additional Branches at selected points in the Province and for remodelling or new premises where present facilities are inadequate for present business requirements.

### **PUBLIC ACCOUNTS, 1945-46**

The Public Accounts for the past fiscal year ended March 31st, 1946, have been tabled; and provide the members of this Legislature and the public generally with full and detailed information concerning the various financial operations for the fiscal year and the financial position of the Province.

In comparing the estimated over-all results for the year with the actual results, you have doubtless noted the wide variation with respect to certain items of both revenue and expenditure. This disparity was mainly caused by the resultant changes due to the adoption of the revised Debt Reorganization Programme at the special session of the Legislature held in July, 1945, subsequent to the tabling and adoption of the estimates tabled at the regular session of the Legislature on March 9th, 1945.

The comparative statements of Revenue and Expenditure appearing in the Public Accounts on Pages 44 to 56 (inclusive) furnish full details; and it is therefore unnecessary for me to deal with them at this time.

The over-all surplus on ordinary income and capital accounts for the year was \$10,310,856.61. From this surplus the sum of \$2,043,143.77 was utilized to redeem Savings Certificates, \$18,000 for a payment on Treasury Bills held by the Dominion Government. A further sum of \$12,331,304.68 was used for debt retirement and to provide for the adjustment payments arising from the Debt Reorganization Programme, partially offset by an increase in Accounts Payable of \$853,570.16, resulting in an over-all deficit on all accounts of \$2,982,799.76 which was financed from accumulated surpluses of previous years.

### **CURRENT FISCAL YEAR, 1946-47**

The cash statement of the Province for the nine months' period of the present fiscal year shows an over-all cash surplus of \$958,000 after providing the sum of \$1,775,000 for debt retirement. Total capital payments for the period including \$3,600,000 for roads and bridges, amounted to \$4,300,000. Capital receipts totalled \$1,500,000 resulting in net capital payments of \$2,800,000. The final results for the year will show a moderate over-all surplus on both Income and Capital Accounts.

There is a disposition on the part of some to criticize the Government for operating the affairs of this Province in such a manner

as to realize an over-all surplus rather than a deficit. Prior to this Government assuming office in 1935, you will find by reference to the Public Accounts a record of deficits on income account for 20 out of the 30 fiscal years from 1905 to 1936. These annual deficits were incorporated in the capital or funded debt of the Province and contributed substantially to the rapid accumulation of excessive debt which marked that period of Alberta's history. The policy of this Government has been opposed to this practice; and I am again able to forecast a surplus on all accounts for the current fiscal year. Not only has our fiscal policy resulted in a progressive reduction in our public debt service charges, but the surpluses accumulated during years of buoyant revenues assure to our people the continuation of our vastly extended social services without increasing our public debt, even if there are future years in which current revenues prove insufficient to meet current expenditures.

### TREASURY BILLS

Turning now to the matter of Alberta's Treasury Bill indebtedness, I am pleased to report that, subject to ratification by the Dominion Parliament and this Legislature, a satisfactory arrangement has been made with the Dominion Government to adjust and retire this debt on a basis that will substantially reduce both the public debt and the annual debt service charges of the Province.

Alberta's total Treasury Bill indebtedness is \$26,200,000 bearing interest at 3% per annum. Of this amount \$10,595,000 represents monies advanced by the Dominion to the Province for direct Provincial relief expenditures during the pre-war depression. The balance of \$15,621,000 represents monies advanced by the Dominion Government for purposes other than provincial relief.

Under the proposed settlement the Dominion Government has agreed to cancel outright \$5,297,500, being 50% of the monies advanced for relief purposes and to cancel all future interest payments on the remainder of the relief Treasury Bills. The Province proposes to retire \$7,997,750 of the non-relief interest bearing Treasury Bills by applying against this debt the monies awarded to the Province by the Royal Commission on Natural Resources in 1935 together with accrued interest. The effect of this settlement will be to reduce the total Treasury Bill indebtedness by \$13,295,250, leaving a balance to be retired of \$12,920,750 of which \$5,297,500 will bear no further interest and will be amortized over thirty years and retired in thirty equal annual payments. The remaining interest-bearing Treasury Bills, amounting to \$7,623,250 likewise will be amortized over thirty years and will bear interest at the rate of  $2\frac{5}{8}\%$ . Under this arrangement the annual cost to the Province for both interest and retirement of principal will be \$547,000. At the present time the Province is required to pay \$788,000 per year in interest charges alone on our Treasury Bill indebtedness. The net effect of the settlement agreed upon will be to reduce the Province's public debt by \$13,295,250 and to reduce the annual debt service charges on Treasury Bill account by \$241,000 while at the same time providing for the complete retirement of the Treasury Bill indebtedness in thirty years.

Before leaving this matter, I would like to advise the House that the Dominion Government has not agreed to include in the category of relief Treasury Bills those representing monies advanced by

the Dominion to the Province and, in turn, advanced by the Province to the Cities for relief or other purposes. No concession, therefore, has been obtained by the Province from the Dominion with respect to such monies reloaned by the Province to the Cities and for which the Province holds Treasury Bills payable by the Cities. However, the Provincial Government already has announced that it is prepared to accord the Cities an adjustment and settlement of their Treasury Bill indebtedness on a basis comparable to that which the Province has obtained from the Dominion Government.

### DEBT REORGANIZATION PROGRAMME

I am pleased to report that debentures and registered stock to the amount of \$111,489,905, or 98.44% of the total of \$113,253,109 included in the Debt Reorganization Programme, have now been deposited; and all adjustment payments and the exchange of debentures have been completed to date. Since my report to this Assembly last March, an additional \$3,500,000 of debentures have been deposited, leaving a total of only \$1,763,000 outstanding.

Under the terms of the refunding plan, the Province reserved the right to withdraw the offer at any time after the first day of September, 1945. In view of the acceptance to date and the fact that many enquiries still are being received from holders of securities involved, who were unaware of the Debt Reorganization Programme, the Government has decided to leave the offer open for acceptance for a further period of time. I take this opportunity, however, to urge all holders of these debentures who have not accepted the offer and deposited their debentures, to do so at the earliest date possible, as the offer cannot remain open for acceptance indefinitely.

As a result of the deposit of securities by those who have accepted the offer to date, we have been able to compile certain statistical information concerning the distribution of our securities. Opinions have been expressed at various times as to the percentage of our securities held by individuals and corporations, and the percentage held outside of Canada. We have taken out certain information from the documents now on file; this information will be of considerable interest to both the members of this Assembly and some sections of the public. The figures are, of course, incomplete; and are compiled with respect to a total of \$111,388,000 of debentures and stock. Of this amount, securities totalling \$27,576,000, or 24.7%, were deposited by 11,140 individuals, 6,687 of whom resided in Canada, 2,136 in the United States and 2,317 in the United Kingdom. Debentures totalling \$76,721,000, or 68.9% of the total, were held by 2,925 corporations of various types. Under this heading of Corporations is included Governments and Municipal authorities together with Trust Funds, Pension Funds and numerous individual estates administered by Trust Companies. Of these, 1,628 were Canadian; 1,077 American; and 220 British. Slightly over \$7,000,000, or 6.4% were held in our own Trust Funds or by Boards constituted by Provincial legislation. The average holding by individuals was \$2,475; and by Corporations, \$26,220.

The beneficial effects of the Debt Reorganization Programme to-day are apparent and are easily recognized by anyone familiar with public finance. Alberta is the only Canadian Province with its entire bonded indebtedness established on a serialized basis providing for

its orderly and complete retirement. This feature of the Debt Reorganization Programme has been highly commended both in this country and in the United States.

The Programme will be completed with the calling for redemption on July 1st next of the Alberta and Great Waterways 5% debenture issue due January 1st, 1959, totalling \$5,424,000. This issue is payable in Sterling Funds in London, England; and owing to the present rate for Sterling and the present level of interest rates, the Province will effect a substantial saving, both with respect to the redemption of the principal sum and the interest.

### REDUCTION IN PUBLIC DEBT

This is perhaps a proper and opportune place to give a brief resume of the progress which the Government has made in progressively reducing the public indebtedness of the Province.

The net funded and unfunded debt as at December 31st, 1946, was \$144,593,756.47 compared with \$146,219,764.22 as at March 31st, 1946, a decrease of \$1,626,007.75.

In my budget address of last year, under the heading of "Public Debt," I presented official figures to show that in the interval between March 31st, 1936, and February 28th, 1946, the Government had succeeded in reducing the public indebtedness of the Province by \$20,322,000. On June 1st, 1946, under the debt reorganization programme, a further \$1,650,000 of the principal was retired. On June 1st of this year \$1,687,000 will be retired. The programme for the adjustment and retirement of our Treasury Bill indebtedness will result in a further debt reduction of \$13,295,250. The refunding of our outstanding Alberta and Great Waterways Bonds during the coming year will effect a reduction of an additional \$400,000 (due to present depreciated rate for sterling funds). These figures total \$37,354,250, which represents the reduction in the public debt of this Province under the present Government since March 31, 1936.

### ESTIMATES

#### FISCAL YEAR ENDING MARCH 31st, 1948

I now wish to draw to the attention of the Assembly the estimated revenue and expenditures for the ensuing fiscal year ending March 31st, 1948. Copies of the detailed estimates have been tabled and you will note that in arriving at the estimated budgetary requirements we have included expenditures on both Income and Capital Accounts and provision for debt retirement.

A summary of the total estimated and over-all requirements on both Income and Capital Accounts for the coming year are as follows:

Estimated Revenue—Income Account .....	\$44,228,625
Estimated Ordinary Expenditure—Income Account .....	31,304,666
Estimated Surplus before Debt Retirement .....	12,923,959
Debt Retirement—Income Account .....	\$1,405,000
Debt Retirement—Statutory net payments .....	72,000
	<u>1,477,000</u>
Estimated Surplus .....	<u>\$11,446,959</u>
Estimated Receipts—Capital Account .....	2,212,925
Estimated Payments—Capital Account .....	14,293,068
Estimated Net Capital Payments .....	\$12,080,143
Less: Estimated Surplus .....	11,446,959
Estimated sum required for Capital purposes to be provided from Accumulated Surpluses .....	<u>\$ 633,184</u>

The estimated revenue on Income Account by Departments, with the estimates for the current year, are as follows:

#### REVENUE—INCOME ACCOUNT

Particulars	1947-48	1946-47	Increase	Decrease
Dominion of Canada.....	\$17,266,155	\$ 1,835,075	\$15,431,080	
Agriculture Department.....	197,150	183,510	13,640	
Agric. Dept. (Water Res. Bch.) .....	12,500	3,000	9,500	
Attorney General's Dept.....	1,117,950	1,446,325		\$ 328,375
Economic Affairs Dept.....	500		500	
Education Department.....	223,400	149,750	73,650	
Executive Council.....	104,000	84,000	20,000	
Lands and Mines Dept.....	3,521,680	2,799,325	722,355	
Legislation .....	1,065	1,065		
Municipal Affairs Dept.....	39,900	1,296,280		1,256,380
Provincial Secretary's Dept.....	9,146,900	8,296,150	850,750	
Public Health Department.....	575,300	547,000	28,300	
Public Works Dept.....	2,007,075	1,803,160	203,915	
Trade and Industry Dept.....	130,000	134,400		4,400
Treasury Department .....	9,885,050	10,289,660		404,610
	<u>\$44,228,625</u>	<u>\$28,868,700</u>	<u>\$17,353,690</u>	<u>\$1,993,765</u>

A net increase of \$15,359,925

The main items accounting for the estimated increase in revenue are as follows: The minimum payment anticipated from the Dominion of Canada under the proposed new Tax Agreement, which will exceed that ordinarily received on account of statutory subsidies by \$12,190,000. In addition, during the ensuing year the Province will receive from the Dominion Government an additional payment of \$3,280,000, representing deferred payments under the Wartime Tax Transfer Agreement which expires March 31, 1947. This item will not recur and the sum in question, therefore, should be deducted from the estimated revenue on income account when calculating the Province's future annual revenue from the Dominion Government. To enable the Province to greatly expand its programme of highway construction and hard surfacing and to permit greater financial aid to Municipalities and Improvement Districts for municipal and district roads, it is proposed to increase the fuel oil tax on non-agricultural gasoline by 2c per gallon effective upon the removal of the Dominion's 3c per gallon wartime tax on all fuel oil products. This will result in an increase in revenue of \$1,300,000 against which there will be found,

in the expenditure section of the Estimates, offsetting increases in expenditures on roads of much more than this amount. The other major increases in estimated revenue are: Timber Rentals, Fees and Dues \$500,000; Coal Royalties \$225,000; Land Titles Fees, etc. \$100,000; Truck Registration and Certificate Fees \$175,000; Liquor Control Board Profits \$2,000,000; Correspondence Course Fees \$63,000; Treasury Branches Earnings \$51,000.

On the other hand there will be certain offsetting decreases in revenue of which the principal are; termination of the annual payments at present received from the Dominion under the Wartime Tax Agreement amounting to \$4,080,000.

Revenue from Succession Duties shows a decrease of \$450,000 owing to the transfer of this source of revenue to the Dominion Government.

The abolition of the Social Service Tax will result in a decrease in revenue of \$1,150,000, but in view of the improved financial position of the Province under the proposed Tax Transfer Agreement the Government considers it but right and proper to vacate this field of taxation in favour of the Municipalities.

The Province's withdrawal from this field of taxation is comparable to providing an equivalent amount for municipal and educational purposes but will afford the municipal authorities the opportunity either to reduce taxation or increase municipal and school appropriations without increasing the prevailing over-all mill rate.

The total expenditures on Income Account are estimated at \$32,709,666 compared with \$26,420,839 for the current year, an estimated net increase of \$6,288,827.

The total estimated expenditures by Departments are as follows and I shall give the estimates for the current year for the purpose of comparison:

#### EXPENDITURE—INCOME ACCOUNT

Particulars	1947-48	1946-47	Increase	Decrease
Public Debt Service Charges.....	\$ 5,808,000	\$ 5,116,974	\$ 691,026	.....
Executive Council .....	406,620	355,456	51,164	.....
Legislation .....	275,565	268,760	6,805	.....
Agriculture Dept. ....	889,613	825,096	64,517	.....
Agriculture Dept. (Water Resources Branch) .....	73,540	76,690	.....	\$ 3,150
Attorney General's Dept. ....	987,145	913,783	73,362	.....
Education Department .....	7,373,114	5,372,341✓	2,000,773	.....
Municipal Affairs Dept. ....	179,970	187,968	.....	7,998
Provincial Secretary's Dept. ....	233,050	183,176	49,874	.....
Public Health Department.....	4,509,635	3,762,450	747,185	.....
Public Works Dept. ....	4,039,023	3,905,681	133,342	.....
Railways and Telephones Dept. (Railways Branch) .....	15,930	4,746	11,184	.....
Treasury Department .....	1,171,730	1,105,215	66,515	.....
Lands and Mines Department .....	1,238,996	1,020,228	218,768	.....
Trade and Industry Dept. ....	241,065	226,794	14,271	.....
Public Welfare Dept. ....	3,457,534	2,686,756	770,778	.....
Canadian Vocational Training .....	140,995	131,308	9,687	.....
Economic Affairs Dept. ....	263,141	152,417	110,724	.....
<b>Total Ordinary Expenditure...</b>	<b>\$31,304,666</b>	<b>\$26,295,839</b>	<b>\$5,019,975</b>	<b>\$ 11,148</b>
Debt Retirement .....	1,405,000	125,000	1,280,000	.....
<b>TOTAL EXPENDITURE .....</b>	<b>\$32,709,666</b>	<b>\$26,420,839</b>	<b>\$6,299,975</b>	<b>\$ 11,148</b>
<b>A net increase of \$ 6,288,827</b>				

Public debt service charges show a net increase of \$691,000. Although our actual interest charges are down over \$1,000,000 due to our Debt Reorganization Programme and the necessity to provide only three months' interest on Alberta and Great Waterways Railway debentures, which are being called for redemption, we shall not receive in the coming fiscal year an offsetting payment from the Dominion Government of \$1,746,900 as we did this year under the debt service option formula of the Wartime Tax Transfer Agreement. Debt retirement shows an increase of \$1,280,000 due to the redemption of next year's portion of our new serial debentures being provided for out of Income Account, while the corresponding redemption for the present year was made under statutory authority.

The estimates for Executive Council show an increase of \$51,000, which includes a new appropriation of \$25,000 to provide retiring gratuities for Civil Servants who are not eligible for annuities under The Superannuation Act. There is also an increase of \$20,000 in the amount of the Government's contribution to the Superannuation Fund.

Agriculture main estimates, which are increased \$64,000, include \$12,000 additional for Field Crops Branch for the destruction of noxious weeds and pests; \$13,000 increase in the cost of operation of Agricultural Schools, and \$23,000 net increase in the appropriation for District Agriculturists and Farm Labour Supervision. As an offset against these increases we show a decrease of \$20,000 in the amount provided for assistance in the construction of dams and dug-outs in the Peace River region.

Estimates for the Department of the Attorney General are increased \$73,000, of which \$23,000 represents payment to Municipalities of fines collected under The Liquor Control Act; \$18,000 is accounted for by increased staff at the Edmonton Land Titles Office; and \$13,000 is occasioned by additional solicitors and clerical staff in the General Office required to handle increased duties and responsibilities.

By far the largest increase in expenditures on Income Account is in the estimates for the Department of Education where the overall increase is in excess of \$2,000,000. Of this amount \$1,500,000 is provided for increased grants to schools, bringing the amount appropriated for this purpose up to \$5,200,000 as compared with \$3,700,000 for the current year. The amount provided for the University of Alberta shows a further increase of \$147,000; and in connection with these two appropriations I shall bring up to date the table of comparative expenditures which I introduced in last year's budget address:

Year	Grants to Schools	Grants to University	Total Expenditures Education Dept. (Income Account)
1935-36 . . . . .	\$1,451,080	\$399,650	\$2,428,011
1938-39 . . . . .	1,663,766	412,147	2,671,342
1941-42 . . . . .	2,163,114	450,000	3,302,330
1944-45 . . . . .	2,717,699	602,500	4,072,402
1945-46 . . . . .	3,087,620	746,000	4,654,763
1946-47 (Estimates) . . .	3,700,000	825,000	5,372,341
1947-48 (Estimates) . . .	5,200,000	972,340	7,373,114

These figures are irrefutable proof of the Government's adherence to its policy of progressively increasing Provincial expenditures for education in proportion to our increasing revenues having regard to

our equally inescapable responsibility in the matter of other essential public services.

It should be borne in mind by the honourable members and the public generally that merely establishing new and higher levels of expenditure for education and other essential social services is insufficient to assure the best interests and the future well-being of our people. It is of equal importance that due consideration be given to the financial capacity of the Province to sustain each advance after it is made and preserve our economy from the disastrous consequences of recessions in years when our revenues may easily fall far below what they are at the present time.

The continuing shortage of teachers has necessitated an increase in Correspondence School Estimates of \$163,000 and other increases—\$45,000 for assistance to Teachers in Training; \$38,000 for the Institute of Technology and Art; \$26,000 for Supervision of Schools—make up the total increase of \$2,000,000 in the estimates for the Department.

Public Health expenditures for the ensuing year are estimated at \$4,509,635, an increase of \$747,185. Increased grants to Hospitals account for \$270,000; the other major increases are Oliver Institute, \$85,000; Red Deer Training School, \$37,000; Ponoka Hospital, \$165,000; Central Alberta Sanatorium, \$24,000; extra provision for Cancer Treatment, \$28,000; maternity hospitalization, \$50,000; and provision for three additional Health Units, \$18,000.

While the estimates for the Department of Public Works in Income Account show a net increase of only \$133,000, there will be an increase in gross expenditures of \$310,000, partly offset by increased reimbursements of \$174,000. District Highways and Local Roads show an increase of \$50,000; Ferries, \$30,000; Maintenance of Legislative and Departmental Buildings, \$77,000; Maintenance of Public Institutions, \$38,000; Administration of the two Provincial Gaols, \$51,000; and Power Plants, \$21,000.

Treasury Department Estimates are increased \$66,000, of which nearly \$50,000 is attributable to expansion of Treasury Branches service, which expansion it is estimated will result in increased earnings of at least an equal amount.

The estimates for the Department of Lands and Mines are increased by \$218,000. A large portion of this is accounted for by two new appropriations—\$30,000 to pay grants to Municipal taxing authorities who are now restrained from levying mineral taxes; and \$55,000 for the commencement of a Forestry Survey which will have great conservational and commercial value. The balance of the increase in the Department is mainly for the purpose of providing additional inspection and protection in our forest reserves.

In keeping with the Government's policy in matters of Public Welfare, the estimates of that Department show an increase of \$770,000. There are two new appropriations: one for \$91,000 to provide for an Old Folks' Home at Camrose; while the major increase is a new appropriation of \$503,000 to furnish hospitalization and medical treatment for old age and blind pensioners, mothers' allowance recipients and their dependents. Anticipated increases in the numbers of old age and blind pensioners account for an additional \$540,000, \$330,000 of which will be reimbursed by the Dominion Government.



In the estimates for the Department of Economic Affairs, there is an increase of \$110,000. This is mainly due to increased appropriations for Publicity and Information Service and for the Provincial Travel Bureau in conjunction with the Government's programme for the greater promotion of Tourist Trade.

A new appropriation of \$25,000 is provided as part of a joint programme between the Province and various Chambers of Commerce and Municipal Boards in the matter of industrial promotion activities.

May I now direct your attention to the Capital Section of the Estimates.

The estimated receipts for the year total \$2,212,925, a net increase of \$371,452 as compared with the estimates for the present fiscal year. The details are as follows:

#### RECEIPTS—CAPITAL ACCOUNT

Particulars	1947-48	1946-47	Increase	Decrease
Agriculture Dept. ....	\$ 256,500.00	\$ 160,050.00	\$ 96,450.00	
Agriculture Dept. (Water Resources Branch) .....	317,825.00	288,523.00	29,302.00	
Education Dept. ....		1,100.00		\$ 1,100.00
Executive Council .....	633,000.00	580,000.00	53,000.00	
Lands and Mines Dept. ....	12,000.00	12,000.00		
Municipal Affairs Dept. ....	97,300.00	114,700.00		17,400.00
Public Works Dept. ....	16,300.00	18,200.00		1,900.00
Treasury Dept. ....	880,000.00	666,900.00	213,100.00	
	<u>\$2,212,925.00</u>	<u>\$1,841,473.00</u>	<u>\$391,852.00</u>	<u>\$20,400.00</u>
A net increase of <u>\$371,452.00</u>				

Receipts for the Department of Agriculture total \$256,500, an increase of \$96,450. This is entirely due to sales of seed grain under the Department's seed conservation policy which ensures a supply of quality seed grain which might otherwise be unavailable. Treasury Department receipts show an increase of \$213,100, comprised of 145,000, being the transfer of the Alberta and Great Waterways Railway Sinking Fund to apply against the redemption of the guaranteed debentures and approximately \$70,000 increase in repayments of advances. The \$53,000 increase in Executive Council represents a normal growth in contributions to the Civil Service Superannuation Fund.

Payments on Capital Account are estimated at \$14,293,068, a net increase of \$7,732,582 over the total provided for the present year. The details, by Departments, are as follows:

#### PAYMENTS—CAPITAL ACCOUNT

Particulars	1947-48	1946-47	Increase	Decrease
Executive Council .....	\$ 400,000.00	\$ 310,000.00	\$ 90,000.00	
Agriculture Dept. ....	135,000.00	138,250.00		\$ 3,250.00
Agric. Dept. (Water Resources Branch) .....	158,900.00	171,143.00		12,243.00
Agric. Dept. (Agricultural Relief) .....	12,745.00	13,155.00		410.00
Lands and Mines Dept. ....	5,000.00	35,000.00		30,000.00
Municipal Affairs Dept. ....	2,500.00	2,500.00		
Public Works Dept. ....	13,399,423.00	5,712,438.00	7,686,985.00	
Treasury Dept. ....	179,500.00	178,000.00	1,500.00	
	<u>\$14,293,068.00</u>	<u>\$6,560,486.00</u>	<u>\$7,778,485.00</u>	<u>\$45,903.00</u>
A net increase of <u>\$7,732,582.00</u>				

Practically all of the increased appropriations for expenditures on Capital Account will be found in estimates of the Public Works Department. The appropriation for main highway construction of \$8,800,000 shows an increase of \$5,500,000 over the sum provided in the estimates for the current year. We have also added \$800,000 for Grants to Municipal Districts in addition to the sum of \$450,000 provided for District Highway Construction, making a total of \$1,250,000. The appropriation for construction of Bridges has also been increased from \$300,000 to \$500,000.

Summing up, the estimated expenditures on Income and Capital Accounts for Bridges, Ferries, Maintenance and Grants for District Roads and Main Highway Construction total \$13,000,000, an increase of \$6,690,000 over the total provided for the present year. Expenditures on roads were, of necessity, drastically curtailed during the years of war and, in the current fiscal year, by shortages of labour and equipment. This year every effort will be made to complete the programme planned which includes over \$4,000,000 for hard surfacing of main highways. The provision for expenditures on district roads and grants to Municipal and Improvement Districts total \$1,850,000, an increase of \$1,100,000 as compared with the present year's estimates.

I would ask the Assembly to note that the total estimated expenditures to which I have referred exceeds the anticipated revenue from Fuel Oil Taxes, Motor and Truck Licenses and Drivers' Licenses by approximately \$2,700,000. It should also be noted that all of the funds necessary for this vastly expanded programme of highway construction and improvement will be provided without recourse to borrowing, in conformity with our "pay as you go" policy.

The fact that the appropriations for Municipal Grants and for expenditures in Improvement Districts have been more than doubled will do much to assure more and improved municipal and district roads and is in keeping with the Government's policy of sharing with the Municipal and Improvement Districts the benefits of the Province's improved revenue position.

The amount provided for the purchase and construction of public buildings exceeds the amount provided in the current year's estimates by \$893,000. The sum of \$829,000 is provided for construction of new buildings at the University, of which \$670,000 is for the completion of the Medical Building, and \$120,000 for the commencement of the new Library Building. In addition to these appropriations, the Government has undertaken to make available to the University an interest free loan, not to exceed \$300,000, for the purpose of assisting in the erection of a Students' Union Building on the Campus. This building will provide facilities much needed by the student body and will be financed largely by contributions from the students themselves. Owing to the present scarcity of building supplies it is not proposed to commence construction before next year. A sum of \$500,000 is provided for the Hospital for Tuberculosis patients; \$162,000 for additional facilities at the Red Deer Training School; \$165,000 for construction at the Ponoka and Oliver Mental Institutions; \$50,000 for remodelling buildings at Camrose for a home for aged people, the construction of which is now underway. A sum of \$100,000 is provided for new buildings for Treasury Branches, and where necessary and practical such buildings will be designed to house other governmental offices. An amount of \$500,000 is provided for the construction

of a new Agricultural School under an agreement with the Dominion Government, whereby it will assume fifty percent of the cost. This amount was included in the estimates for the present fiscal year; but not expended.

While these Capital Expenditures represent by far the largest amounts ever appropriated for capital construction in any one year in the history of this Province, the Government does not consider them excessive in view of the deferment of construction necessitated by wartime conditions and having regard to the anticipated revenues of the ensuing year. It should be recognized, however, that the appropriations for Capital Expenditures are the only major appropriations in which there remains a reasonable degree of flexibility. The greatly increased appropriations on Income Account, in the main represent fixed expenditures necessary to maintain essential public services at the present prevailing standards, and which, therefore, cannot be reduced either now or in the future without curtailing the services at present provided.

While a Budget has been defined as a document which forecasts and authorizes the annual receipts and expenditures for the fiscal period, it is a dangerous and shortsighted policy to consider a Budget for any one fiscal year without regard to the continuity of government policy and the annual expenditures which will be necessary in future years to maintain the services already established and to provide for their normal expansion. This is particularly important during the present transition period.

While the fixed charges, represented by expenditures on Income Account in this transition Budget, are near to the maximum which the Province can safely undertake with the sources of revenue at present available, the substantially increased appropriations on Capital Account provide the margin of flexibility which the Government considers necessary to protect the people of the Province from the hardship that otherwise would result in future years if declining revenues necessitated a curtailment of services or a substantial increase in provincial taxation, or both. Furthermore we are not, at this time, in a position to gauge fully the expenditures which the Province shortly may be required to bear in connection with the Dominion Government's proposed Social Security programme. In the matter of the National Health Insurance proposals alone if the present programme is adopted the Province will be required to provide an amount in excess of \$8,000,000 a year as its share of the cost and to enable it to take full advantage of the Dominion contributions. The situation with respect to this and other probable expenditures in the field of Social Service and Public Investment undoubtedly will be clarified during the ensuing year. By retaining a reasonable degree of flexibility in the Budget at this time the Legislature will be in a position at future sessions to re-assess the entire picture, and, in the light of the circumstances as they then exist, to re-allocate those revenues with respect to which we are endeavouring to retain flexibility during this transition period.

### DOMINION-PROVINCIAL FISCAL ARRANGEMENTS

Turning now to the important matter of Dominion-Provincial fiscal arrangements, may I outline briefly the highlights of the nego-

tiations which have taken place leading up to the proposed interim Tax Transfer Agreement upon which this Budget is based.

In August 1945 the first session of the Dominion-Provincial Conference was held, at which time the Dominion Government submitted a comprehensive set of proposals as the basis of a new fiscal arrangement between the Dominion and the Provinces to take the place of the Wartime Tax Transfer Agreements, the last of which will expire on March 31st, 1947. In its original proposals, the Dominion offered to pay the Provinces an irreducible annual rental of \$12.00 per capita for the exclusive use of the fields of personal income tax, corporation tax and succession duties. This amount was to be increased in proportion to the annual increase in the gross national production of Canada as compared with the gross national production for the year 1942. In addition, the Dominion's proposals embodied a comprehensive, national programme of social services and public investment, the cost of which was to be borne jointly by the Dominion Government and the Provinces. Before the first session of the Conference adjourned, a Co-ordinating Committee, comprised of the Prime Minister, as Chairman, four Dominion Cabinet Ministers and the Premier of each of the nine Provinces, was set up to study in detail the Dominion's proposals together with various submissions made to the Conference by the Provincial Governments.

The Co-ordinating Committee resumed discussions in November, 1945, in an endeavour to arrive at some measure of general agreement. Numerous changes in the Dominion's proposals were requested by the Provinces and it was obvious that the ramifications were so involved that a great deal of statistical research would be necessary before the proposals could be reduced to a clear and definite picture. To this end an Economic Committee of technical men was established to prepare the necessary statistical data.

The Co-ordinating Committee reconvened in January, 1946, to review the findings of the Economic Committee, which had pursued its work in the interval. At this session further alternative proposals were submitted by the Provinces and certain Provinces advised that they were not prepared to conclude any agreement that would prevent the Provinces from continuing to collect succession duties, if they so desired. Following lengthy discussions, the Co-ordinating Committee again adjourned to afford the Dominion Government an opportunity to further revise its proposals.

The fourth and final session of the Conference was held in April, 1946. On this occasion the Dominion Government submitted its revised proposals, under which the irreducible minimum annual rental payable to the Provinces for the exclusive use of personal income tax, corporation tax and succession duty fields was increased from \$12.00 to \$15.00 per capita with the additional option that any Province desiring to do so could accept as its irreducible minimum annual rental an amount not less than 150% of what it received annually from the Dominion under its present Wartime Tax Transfer Agreement. Provision was made for Provinces to continue to collect succession duties, if they so desired, but any revenue so collected would be deducted from the Dominion's annual rental payment to that Province.

In the field of Social Services, the Dominion was prepared to pay 60% of the cost of a National Health Insurance programme and to assume the entire cost of old age pensions from 70 years and over, at

\$30.00 per month with the means test removed. The Dominion further agreed to assume 50% of the cost of providing pensions at \$30.00 per month, with the means test retained, for those between the ages of 65 and 70 years in Provinces prepared to enter into a separate agreement with the Dominion Government for the purpose of making this proposal effective. To defray a portion of the cost involved in discharging these commitments, the Dominion Government proposed to impose a National Social Security Tax, while the Provinces would be responsible to impose such additional taxes as they found necessary to meet their share of the cost of the proposed Social Security programme. An extensive programme of public investment also was included in the Dominion's proposals, the various projects to be financed jointly by the Dominion, Provincial and Municipal Governments.

As all honourable members are aware, the Conference failed to reach any measure of general agreement, there being wide divergence of opinion, both as to the basic principles involved in, and the adequacy of, the fiscal and social security proposals. When it became obvious that general agreement was impossible along the lines under consideration, the Conference adjourned *sine die*.

On June 27, 1946 the Dominion Minister of Finance presented his Budget in the House of Commons and embodied in it an offer on the part of the Dominion Government to enter into a five-year fiscal agreement with any or all of the Provinces on terms similar to those proposed at the last session of the Conference with two major exceptions. First, the social security measures and public investment proposals were divorced from the proposed Tax Transfer Agreement and were made matters for separate negotiations to be resumed after all, or a substantial majority of the Provinces had concluded individual Tax Transfer Agreements. Secondly, the Budget proposals provided that in the case of non-agreeing Provinces, where provincial income tax was re-imposed, the individual taxpayers would be permitted to deduct provincial income tax payments from their income tax payable to the Dominion Government up to an amount not exceeding 5% of their Dominion income tax. Furthermore, provision was made for Provinces, entering into separate Tax Transfer Agreements with the Dominion, to impose a 5% corporation income tax, under provincial statute. This was designed to enable non-agreeing Provinces to impose a comparable rate of corporation income tax without putting their corporations in an unfavourable position as compared with those in the agreeing Provinces.

The Finance Minister's Budget proposals were not acceptable to the majority of the Provinces and further negotiations were continued. As a result of representations on the part of the Government of British Columbia, the Dominion Government agreed to apply the gross national product factor when computing the annual amount payable to those Provinces which elected to accept as an irreducible minimum rental 150% of what the Province had received annually under the Wartime Tax Transfer Agreement. British Columbia was the only Province to which the 150% formula applied advantageously and consequently the Dominion's agreement to apply the gross national product factor in the case of British Columbia immediately gave rise to a demand from those Provinces which previously had expressed satisfaction with the agreement, that a comparable increase should be accorded to them. It was pointed out to the Dominion that British Columbia already qualified for a higher irreducible minimum per capita

grant than any of the other Provinces and that to apply the gross national product factor in the case of British Columbia, would further widen the discrepancy unless some comparable additional compensation was made available to the other Provinces. Further negotiations resulted in the Dominion approving two additional formulae for the consideration of the Provinces. The first of these provided that in the case of a Province which chose the \$15.00 per capita irreducible minimum, this amount would be supplemented by continuing the payment of the statutory subsidy awarded to the Province under the British North America Act. The second alternative provided an annual irreducible minimum of \$12.75 per capita plus 50% of what the Province collected from personal income tax and corporation tax in the year 1940 plus the statutory subsidy provided under the British North America Act. This latter formula is the one that proves most advantageous in the case of Alberta and is the formula which the Government is recommending to the Assembly as the basis of an interim Tax Transfer Agreement. In addition to these new alternative formulae, the Dominion Government acceded to the demands of the Provinces that the Dominion vacate the field of gasoline tax which it entered as a war emergency measure. As a result and after allowing for an increase of 2c per gallon on the rate of provincial taxation on non-agricultural gasoline, the users of fuel oil products in Alberta will be required to pay approximately \$2,700,000 less in gasoline tax during 1947-48 than they paid last year. Following these proper concessions on the part of the Dominion Government, the Government of Alberta resumed its negotiations with a view to consummating an interim fiscal agreement on terms which would ensure the financial stability of our Province during the ensuing transition period.

The following comparative figures should be of interest to the honourable members and will serve to make clear the advantage that has accrued to the Province through the Government's refusal to be hurried into a premature agreement.

The irreducible minimum annual payment which the Province of Alberta would receive under the various offers to date are as follows:

1. Under the Dominion's original proposals of August, 1945—\$9,600,000.
2. Under the revised proposals of April, 1946 as embodied in the Dominion Budget of June 27, 1946—\$11,943,000.
3. Under the proposed agreement as finally negotiated—\$13,986,000, plus an annual reduction of \$4,000,000 in Dominion taxes collected in Alberta due to the Dominion vacating the field of gasoline tax. While this may appear generous it should be remembered that in the calendar year 1945 the Dominion Government collected in the Province of Alberta in personal income tax corporation tax, gasoline tax and succession duties over \$55,000,000 of which \$32,000,000 was from personal income tax.

The honourable members will be even more interested in the following comparison between the amount of revenue the Province will receive under the proposed agreement and the amount we are obtaining to-day under the Wartime Tax Transfer Agreement and amounts the Province could have obtained by various alternative courses which were open to us.

In addition to the advantage which will accrue to the users of fuel oil products and to provincial revenues as a result of the Dominion Government vacating the field of gasoline tax, under the proposed agreement Alberta will receive annually an irreducible minimum rental of \$13,985,000 while the payment for the year 1947-48 is estimated at \$14,840,000. This figure is \$6,640,000 more than the Province receives under the present Wartime Tax Transfer Agreement plus the statutory subsidy and receipts from succession duties. It is approximately \$7,440,000 more than the Province could collect by reimposing pre-war rates of personal and corporation income tax. It is \$9,860,000 more than the Province could obtain by imposing Provincial personal and corporation income taxes at rates representing the maximum amounts provincial taxpayers could deduct from their Dominion personal and corporation income taxes.

Taking all of these circumstances into account it will be clear to the honourable members and to the public generally that it is in the best interests of the Province to conclude a transition agreement with the Dominion Government on the basis of the formula I have already outlined.

In recommending to the Assembly the consummation of a five-year interim agreement on the terms proposed, the Government desires to make it abundantly clear that such an agreement is in no sense a solution to the problem of Dominion-Provincial relations. The proposed agreements do nothing more than provide for a redistribution of certain tax revenues under a formula which is neither scientific or related in any way to the actual financial needs of the respective Provinces measured in terms of human needs and the potential physical resources available to meet those needs. It leaves unsettled the whole question of constitutional reforms which are necessary in the light of modern circumstances, and does nothing to clarify the ambiguity that exists as to the lines of demarcation between Dominion and Provincial jurisdiction and responsibility. The agreements will centralize in Ottawa control over the rates imposed in two of the major fields of taxation, namely; personal income tax and corporation tax. This feature is objectionable to this and other Provinces in that it temporarily places in the hands of a central Government that measure of control over Provincial economy which stems from authority to control rates of taxation especially in the field of corporation income tax. Furthermore it should be borne in mind that the formulae approved by the Dominion Government, and the procedure followed thus far in an endeavour to obtain agreements based on those formulae, has not been successful on a Dominion-wide scale. Obviously before the problem of Dominion-Provincial relations can be satisfactorily solved, agreement must be reached between the Dominion and all of the Provinces on a basis which is voluntarily acceptable and on terms which all parties to the agreement regard as reasonable and proper. Any formula which fails to produce this broad measure of voluntary agreement falls short of that which is required to underwrite the stability of our national economy, irrespective of what temporary financial gains accrue to individual Provinces.

For these reasons the Government of Alberta is prepared to conclude an agreement on the terms proposed, only as an interim arrangement and as a measure temporarily necessary to ensure the welfare of our people and the development of our Province, while we are exerting our efforts towards the consummation of a more satisfactory and

permanent solution to this important problem. To this end, we already have requested the Dominion Government to continue the work of the Co-ordinating Committee and of the Dominion-Provincial Conference itself with a view to working out an effective and generally acceptable alternative to the present interim agreements prior to their expiration on March 31, 1952. While the Dominion Government thus far has not acceded fully to our request in this matter, we have the Dominion's assurance that a further Dominion-Provincial Conference will be convened at least one year prior to the expiration of the temporary agreements for the purpose of reviewing the whole situation in the light of the circumstances as they then exist. The Government of Alberta is convinced that the accumulating force of circumstances will continue to add still further emphasis to the impossibility of a satisfactory permanent solution to the problem of Dominion-Provincial relations until three basic factors are recognized and acted upon. First, there must be a redefining and, if necessary, a re-allocation of the rights and responsibilities of the respective Governments in the light of conditions as they exist to-day. Second, each Government must be assured adequate revenue under its own unfettered jurisdiction to enable it to discharge fully its constitutional responsibilities and provide adequately for the just requirements of its people. Third, to make this possible the Canadian monetary system must be reformed in the manner necessary to permit the monetization of the entire national production and the use of the financial credit thereby created to supplement and progressively to replace excessive taxation as a means of providing public revenue. The Alberta Government will continue to do everything in its power to secure recognition of these basic factors to the end that this important problem, ultimately, will be solved in a manner satisfactory to the Dominion and all the Provinces and on a basis that will assure the Canadian people the national and provincial economic stability which they desire and to which they are justly entitled.

### CONCLUSION

That we may appraise the provisions of this transition Budget in their proper perspective, it might be well, in conclusion, to take stock of the position to which our Province has attained and from which we must now advance into the future. When the present Government assumed office eleven short years ago our people were in the midst of a disastrous depression. Thousands were unemployed and on relief; prices for agricultural products were at ruinously low levels and business generally was in a state of stagnation. Provincial revenues amounted to less than \$17,000,000 a year and huge annual deficits were the order of the day. The public debt had increased to approximately \$167,000,000 including over \$9,000,000 of Savings Certificates with no funds available for their retirement. Interest rates on our bonded debt ranged from 4½% to 6% and the annual debt service charges for interest alone absorbed more than 51% of the total annual Provincial revenue on Income Account. The Public Treasury was empty and frequently it was necessary to hold up Government cheques until sufficient funds came in to cover them.

In contrast to that sober picture our Province to-day is enjoying the greatest era of general prosperity in its history. The great majority of our people are gainfully employed at average rates of pay substantially in excess of those which prevailed in pre-war years.



Prices for primary products, while still not wholly satisfactory, are a tremendous improvement over the past, while business generally is in an expanding and prosperous condition.

Total Provincial revenues in the ensuing year will reach an all time high in excess of \$46,000,000. Our entire Savings Certificate debt has been retired and our Public Debt will have been reduced by over \$36,000,000 before the end of the ensuing year. All of our bonds, together with our Treasury Bill indebtedness, will have been refunded on a serial basis providing for the complete retirement of our Public Debt within 35 years. The highest coupon rate of interest on any of our bonds will be  $3\frac{1}{2}\%$  and all of our debentures, bearing interest in excess of  $3\frac{1}{4}\%$ , will be callable at par at any time after June 1st, 1950. When the full effect of the debt reorganization programme is felt next year our total annual debt service charges for both interest and principal will represent less than 14% of our annual revenue on Income Account. New and important social services have been instituted while all public services have been vastly expanded and improved. During the ensuing year Provincial Capital Expenditures for roads and bridges and public buildings will be almost equal to the total revenue which the Province collected on Income Account in 1935. In addition to financing these vastly increased annual expenditures out of current revenues we have been able to accumulate substantial reserves which are available to meet future recessions in Provincial revenues, to assure our people the continuation of the extended scale of social services to which we have been able to attain.

This marked improvement in Alberta's financial position and in the economic conditions prevailing generally in our Province did not come about of itself. Alberta to-day, is reaping the accumulative benefits which have accrued from years of sincere and unrelenting effort on the part of the Government to give the people of our Province the results they want from the management of their public affairs. But, Mr. Speaker, that is only one part of the story. We must not lose sight of the fact that the vastly improved conditions prevailing in this country and in this Province to-day in a very large measure are due to the exigencies of the long and devastating war that terminated in a military victory for the United Nations only eighteen months ago. It will always stand as a solemn indictment against this day and generation that the employment and the prosperity and the improvement in the economic conditions for which the people of this country cried in vain in pre-war years, came to them at last, not through the portals of peace, but through the flood-gates of war from which also poured out the life blood of over 18,000,000 men. Add to that fearful toll the estimated one hundred billion dollars worth of materials and property destroyed and the incalculable price that has been paid in wrecked lives, wrecked homes, in fear and anguish, in blood and toil, in tears and sweat and you still have an incomplete estimate of the fearful price humanity has paid as a result of which we, in this country, and this Province, to-day enjoy our present measure of material prosperity. Time will reveal if having become heirs to these improved conditions through the carnage of war, we have the individual and collective foresight and ability to order our affairs from here on in the manner necessary to preserve and to further enhance the state of general prosperity and material well-being that prevails to-day. It is dangerous and futile wishful thinking to hope that this objective can be attained under national fiscal policies fundamentally the same as those which, in pre-war years, precipitated the very economic condi-

tions which we insist must not re-occur in the future. Nor can the economic security of our Province and country be assured by the actions and the efforts of Governments alone. The fundamental monetary reforms necessary to assure the people of Canada an opportunity to enjoy a standard of living compatible with the abundance of their resources and their capacity to produce the things they need can be brought about only by a united effort on the part of the people themselves. Such unity of purpose and action will be attained only as individual citizens assume the personal responsibility that is theirs in the task of assuring a free and secure and prosperous future for themselves and for their children. It is with a full appreciation of these pertinent facts that this transition Budget has been prepared and is now submitted for your most careful scrutiny and consideration. The Government invites the fullest and frankest discussion of its provisions and will welcome constructive criticism and suggestions, irrespective of the side of the House from which they may come.

Therefore, Mr. Speaker, I move that you do now leave the chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to His Majesty.



GOVERNMENT OF THE PROVINCE OF ALBERTA  
STATEMENT OF FUNDED DEBT AS AT MARCH 31, 1946

STATEMENT No. 1

Date of Issue	Date of Maturity	Amount Authorized	Amount Outstanding Mar. 31, 1946	Original Interest Rate	Reduced Interest Rate (a)	Currency in which payable (at holder's option)	Denominations
<b>*Debentures and Stock Issued prior to April 1, 1945:</b>							
Jan. 15, 1926	Jan. 15, 1946	\$3,750,000.00	\$ 139,100.00	4 1/2 %	2 1/4 %	C. U.S. or S.	\$1,000.00; \$500.00; \$100.00
Jan. 2, 1922	Jan. 2, 1947	3,846,000.00	180,000.00	5 1/2 %	2 3/4 %	C. or U.S.	\$1,000.00
Mar. 1, 1932	Mar. 1, 1947	5,000,000.00	348,000.00	6 %	3 %	C. or U.S.	\$1,000.00; \$500.00
Jan. 1, 1923	Jan. 1, 1948	4,800,000.00	272,000.00	5 %	2 1/2 %	C. or U.S.	\$1,000.00
April 15, 1925	April 15, 1950	3,740,000.00	159,000.00	5 %	2 1/2 %	C. or U.S.	\$1,000.00
Oct. 1, 1931	Oct. 1, 1951	5,649,000.00	34,000.00	4 1/2 %	2 1/4 %	C. or U.S.	\$1,000.00
April 1, 1922	April 1, 1952	3,000,000.00	127,000.00	5 1/2 %	2 3/4 %	C. or U.S.	\$1,000.00
July 15, 1933	July 15, 1953	1,000,000.00	25,000.00	4 %	2 %	C. or U.S.	\$1,000.00
Oct. 15, 1934	Oct. 15, 1954	1,000,000.00	60,500.00	4 1/2 %	2 1/4 %	C. or U.S.	\$500.00; \$100.00
Dec. 15, 1934	Dec. 15, 1949-54	5,000,000.00	54,000.00	4 %	2 %	C. or U.S.	\$1,000.00; \$500.00; \$100.00
July 15, 1925	July 15, 1955	5,000,000.00	17,000.00	5 %	2 1/2 %	C. or U.S.	\$1,000.00
Sept. 1, 1933	Sept. 1, 1955	2,850,000.00	82,500.00	5 %	2 1/2 %	C. or U.S.	\$1,000.00
Oct. 1, 1926	Oct. 1, 1956	6,000,000.00	487,000.00	4 1/2 %	2 1/4 %	C. or U.S.	\$1,000.00
Jan. 15, 1927	Jan. 15, 1957	1,275,000.00	25,000.00	4 1/2 %	2 1/4 %	C. or U.S.	\$1,000.00; \$500.00
Dec. 1, 1927	Dec. 1, 1957	1,850,000.00	82,500.00	4 %	2 %	C. or U.S.	\$1,000.00
July 16, 1928	July 16, 1958	3,500,000.00	118,000.00	4 1/2 %	2 1/4 %	C. or U.S.	\$1,000.00
Oct. 1, 1928	Oct. 1, 1958	5,915,000.00	276,000.00	4 1/2 %	2 1/4 %	C. U.S. or S.	\$1,000.00; \$500.00
Jan. 1, 1929	Jan. 1, 1959	7,400,000.00	5,424,000.00	5 %	2 1/2 %	C. U.S. or S.	\$1,000.00
Oct. 1, 1929	Oct. 1, 1959	6,000,000.00	349,800.00	5 %	2 1/2 %	C. or U.S.	\$1,000.00; \$500.00; \$100.00
May 1, 1930	May 1, 1960	3,000,000.00	94,500.00	4 1/2 %	2 1/4 %	C. or U.S.	\$1,000.00; \$500.00; \$100.00
April 1, 1931	April 1, 1961	5,000,000.00	103,700.00	4 1/2 %	2 1/4 %	C. or U.S.	\$1,000.00; \$500.00; \$100.00
June 1, 1932	June 1, 1962-67	4,868,966.66	102,079.20	5 %	2 1/2 %	S.	\$1,000.00; \$500.00; \$100.00
June 1, 1927	June 1, 1967	5,239,500.00	116,000.00	4 1/2 %	2 1/4 %	C. or U.S.	\$1,000.00
			\$8,676,679.20				
<b>Debentures and Stock Issued as Exchanges under Debt Reorganization:</b>							
June 1, 1945	June 1, 1961	\$2,794,400.00	\$2,699,300.00	3 1/2 %		C. U.S. or S.	\$1,000.00; \$500.00; \$100.00
"	" 1962	2,049,000.00	1,957,000.00	"		C. or U.S.	\$1,000.00
"	" 1962	847,000.00	803,000.00	"		C. U.S. or S.	\$1,000.00
"	" 1963	1,602,500.00	1,487,500.00	"		C. or U.S.	\$1,000.00; \$500.00
"	" 1963	1,398,000.00	1,300,000.00	"		C. or U.S.	\$1,000.00
"	" 1964	3,108,000.00	2,887,000.00	"		C. or U.S.	\$1,000.00
"	" 1965	124,000.00	112,000.00	"		C. or U.S.	\$1,000.00
"	" 1965	3,096,000.00	2,916,000.00	"		C. or U.S.	\$1,000.00
"	" 1966	1,875,800.00	1,835,800.00	"		C. or U.S.	\$1,000.00; \$500.00; \$100.00
"	" 1966	1,460,000.00	1,368,000.00	"		C. or U.S.	\$1,000.00
"	" 1967	1,025,000.00	1,011,000.00	"		C. or U.S.	\$1,000.00
"	" 1967	2,431,000.00	2,380,000.00	"		C. or U.S.	\$1,000.00
"	" 1968	3,580,000.00	3,258,000.00	"		C. or U.S.	\$1,000.00
"	" 1969	3,710,500.00	3,637,500.00	"		C. or U.S.	\$1,000.00; \$500.00
"	" 1970	3,844,000.00	3,694,000.00	"		C. or U.S.	\$1,000.00
"	" 1971	3,270,500.00	3,126,500.00	"		C. or U.S.	\$1,000.00; \$500.00
"	" 1971	712,000.00	689,000.00	"		C. or U.S.	\$1,000.00
"	" 1972	1,272,000.00	1,248,000.00	"		C. or U.S.	\$1,000.00
"	" 1972	2,854,000.00	2,596,000.00	"		C. or U.S.	\$1,000.00
"	" 1973	4,275,000.00	4,010,000.00	"		C. or U.S.	\$1,000.00; \$500.00
"	" 1974	1,751,500.00	1,680,000.00	"		C. or U.S.	\$1,000.00
"	" 1974	2,677,000.00	2,609,000.00	"		C. U.S. or S.	\$1,000.00
"	" 1975	4,589,000.00	4,364,000.00	"		C. U.S. or S.	\$1,000.00; \$500.00
"	" 1976	4,754,800.00	4,441,000.00	"		C. U.S. or S.	\$1,000.00; \$500.00; \$100.00
"	" 1977	2,241,200.00	2,161,700.00	"		C. or U.S. or S.	\$1,000.00; \$500.00; \$100.00
"	" 1977	2,684,000.00	2,647,000.00	"		C. or U.S. or S.	\$1,000.00

"	1978	5,102,600.00	4,991,900.00	C. or U.S.	\$1,000.00; \$500.00; \$100.00
"	1979	460,500.00	460,500.00	C. or U.S.	\$1,000.00; \$500.00
"	1979	734,500.00	726,500.00	C. or U.S.	\$1,000.00; \$500.00
"	1979	4,092,307.93	3,990,228.73	C.	\$1-0-0 Stock
"	1980	1,784,000.00	1,784,000.00	C.	\$1,000.00
"	1980	3,693,000.00	3,577,000.00	C. or U.S.	\$1,000.00
			\$76,358,228.73		
<b>Debtentures Issued for Cash subsequent to April 1, 1945:</b>					
"	June 1, 1946	\$1,650,000.00	\$ 1,650,000.00	C	\$100,000.00; \$1,000.00
"	" 1947	1,687,000.00	1,687,000.00	C	\$100,000.00; \$1,000.00
"	" 1948	44,000.00	44,000.00	C	\$1,000.00
"	" 1949	45,000.00	45,000.00	C	\$1,000.00
"	" 1950	46,000.00	46,000.00	C	\$1,000.00
"	" 1951	2,266,000.00	2,266,000.00	C or U.S.	\$1,000.00
"	" 1952	2,329,000.00	2,329,000.00	C or U.S.	\$1,000.00
"	" 1953	2,400,000.00	2,400,000.00	C or U.S.	\$1,000.00
"	" 1954	2,474,000.00	2,474,000.00	C or U.S.	\$1,000.00
"	" 1955	2,549,000.00	2,549,000.00	C or U.S.	\$1,000.00
"	" 1956	2,633,000.00	2,633,000.00	C or U.S.	\$1,000.00
"	" 1957	2,721,000.00	2,721,000.00	C or U.S.	\$1,000.00
"	" 1958	2,812,000.00	2,812,000.00	C or U.S.	\$1,000.00
"	" 1959	2,906,000.00	2,906,000.00	C or U.S.	\$1,000.00
"	" 1960	3,003,000.00	3,003,000.00	C or U.S.	\$1,000.00
			\$29,565,000.00		
<b>Treasury Bills:</b>					
"	April 15, 1945	\$1,815,500.00	\$ 1,797,500.00	C	Single denominations held by Dominion of Canada
"	June 1, 1945	2,448,000.00	2,448,000.00	C	
"	Aug. 1, 1945	4,645,000.00	4,645,000.00	C	
"	Sept. 1, 1945	350,000.00	350,000.00	C	
"	Oct. 1, 1945	1,600,000.00	1,600,000.00	C	
"	Dec. 1, 1945	6,192,000.00	6,192,000.00	C	
"	Jan. 15, 1946	4,509,000.00	4,509,000.00	C	
"	Feb. 1, 1946	4,678,000.00	4,678,000.00	C	
			\$26,219,500.00		
<b>Summary:</b>					
<b>Debtentures and Stock:</b>					
* Issued prior to April 1, 1945					
Issued as exchanges under debt reorganization					
Issued for cash subsequent to April 1, 1945					
<b>Treasury bills</b>					
Total funded debt					
Less: Sinking funds					
Net funded debt					
Total funded debt					
Less: Sinking funds					
Net funded debt					

\*Debtentures and stock included in debt reorganization offer and outstanding at March 31, 1946.

(a) Reduced interest rates tendered by the Province.

(b) Alberta and Great Waterways Railway First Mortgage Gold Debtenture bonds—not included in debt reorganization offer.

Abbreviations: C—Canada.

U.S.—United States of America.

S.—Great Britain.

STATEMENT No. 2  
GOVERNMENT OF THE PROVINCE OF ALBERTA

CONSOLIDATED SURPLUS OR DEFICIT ACCOUNT

INCOME ACCOUNT

GENERAL REVENUE FUND

Year ended Dec. 31	Particulars	Revenue	Expenditure	Surplus or *Deficit
1905	Per Order in Council 966/11.....	\$ 635,975.57	\$ 150,021.10	\$ 485,954.47
1906	".....	1,425,059.01	1,279,041.44	146,017.57
1907	".....	1,847,452.61	1,839,064.04	8,388.57
1908	".....	2,755,900.41	2,079,708.20	676,192.21
1909	".....	2,511,851.46	2,632,935.53	121,084.07*
1910	".....	2,071,773.94	3,696,826.86	1,625,052.92*
<hr/>				
1911	Per Public Accounts.....	\$ 11,248,013.00	\$ 11,677,597.17	\$ 429,584.17*
1912	".....	2,802,325.79	3,037,618.45	235,292.66*
1913	".....	3,419,381.52	3,353,258.48	66,123.04
1914	".....	4,519,345.19	4,409,795.18	109,550.01
1915	".....	4,350,836.79	4,446,160.31	95,323.52*
1916	".....	4,144,040.18	4,742,374.81	598,334.63*
1917	".....	4,228,974.28	5,006,993.08	778,018.80*
1918	".....	5,069,303.73	5,712,643.03	643,339.30*
1919	".....	6,283,336.15	7,132,119.21	848,783.06*
1920	".....	8,004,476.10	7,905,330.47	99,145.63
1921	".....	9,005,862.21	8,544,052.16	461,810.05
1922	".....	8,486,946.25	10,605,155.91	2,118,209.66*
1923	".....	9,324,889.73	11,235,192.22	1,910,302.49*
1924	".....	10,419,146.26	10,990,830.00	571,683.74*
1925	".....	10,506,627.13	11,127,468.55	620,841.42*
1926	".....	11,531,025.99	11,343,006.45	188,019.54
1927	".....	11,912,128.27	11,894,327.74	17,800.53
1928	".....	12,263,400.64	12,479,380.97	215,980.33*
<hr/>				
Year ended March 31:				
1928 (3 months)*	".....	3,886,495.04	3,390,751.58	495,743.46
1929	".....	15,265,083.77	13,686,260.68	1,578,823.09
1930	".....	15,829,865.22	15,402,884.57	426,980.65
1931	".....	15,710,962.44	18,017,543.54	2,306,581.10*
1932	".....	13,492,430.28	18,645,481.20	5,153,050.92*
1933	".....	15,426,264.94	17,533,785.97	2,107,521.03*
1934	".....	15,178,607.44	17,056,638.86	1,878,031.42*
1935	".....	15,697,770.48	17,435,821.37	1,738,050.89*
1936	".....	16,575,151.62	18,225,949.86	1,650,798.24*
1937	".....	20,743,045.72	20,665,192.83	77,852.89
1938	".....	24,127,805.54	21,359,739.46	2,768,066.08
1939	".....	24,269,817.40	21,242,625.48	3,027,191.92
1940	".....	24,410,039.54	21,922,189.04	2,487,850.50
1941	".....	24,921,669.29	20,570,675.91	4,350,993.38
1942	".....	27,213,546.34	19,965,125.48	7,248,420.86
1943	".....	27,961,197.97	21,588,134.34	6,373,063.63
1944	".....	29,786,033.38	23,095,501.98	6,690,531.40
1945	".....	31,848,484.17	25,962,684.07	5,885,800.10
1946	".....	40,915,956.30	29,268,547.92	11,647,408.38
	Debt Reorganization Programme	12,438,454.59	18,846,793.56	6,408,338.97*
		<u>\$553,218,740.68</u>	<u>\$529,525,631.89</u>	<u>\$23,693,108.79</u>
<hr/>				
Deduct:				
Interest adjustments deferred under debt reorganization programme				
less reimbursements received and applicable thereto .....			\$7,820,638.74	
Less: Excess of other income assets over liabilities and adjustments .....			3,011,739.00	
				<u>4,808,899.74</u>
Surplus, General Revenue Fund, March 31, 1946.....				<u>\$18,884,209.05</u>
Deduct: Alberta Government Telephones deficit, March 31, 1946 .....				<u>2,976,482.80</u>
Income Surplus, March 31, 1946.....				<u>\$15,907,726.25</u>

Certified correct,

C. K. HUCKVALE, C.A.,  
Provincial Auditor.

STATEMENT No. 3  
GOVERNMENT OF THE PROVINCE OF ALBERTA

GENERAL STATISTICS

AGRICULTURAL STATISTICS

Area—Land.....	159,232,000 acres
Water.....	4,150,400 "
Total Area.....	163,382,400 "

Total Area.....	255,285 sq. mi.
Population, 1941, No.....	796,169

Rural, No.....	489,583
Urban, No.....	306,586

Male, No.....	426,458
Female, No.....	369,711

Area of National Parks.....	13,434,240 acres
Area of Forest Reserves.....	12,436,500 "
Area of Surveyed Tract.....	87,889,701 "
Area of Arable Land.....	70,000,000 "
Total Agricultural Area.....	97,123,000 "
Area of Occupied Farms.....	40,539,934 "/

Number of Farms:	
1921.....	82,954 No.
1926.....	77,130 "
1931.....	97,408 "
1936.....	100,358 "
1941.....	99,732 "

Acres under Cultivation:	
1906.....	569,981 acres
1941.....	19,429,600 "
1942.....	19,424,800 "
1943.....	19,774,600 "
1944.....	20,255,650 "
1945.....	20,555,200 "
1946.....	20,575,200 "

Acres under Wheat:	
1906.....	177,127 acres
1941.....	6,481,000 "
1942.....	6,370,000 "
1943.....	4,829,000 "
1944.....	6,738,000 "
1945.....	6,824,000 "
1946.....	7,500,000 "

Value of Agricultural Production:	
1906.....	\$ 16,428,205
1940.....	209,741,864
1941.....	204,689,200
1942.....	362,411,700
1943.....	364,767,200
1944.....	402,332,900
1945.....	358,340,200
1946.....	432,197,000

Creamery Butter Manufactured:	
1906.....	1,960,356 lbs.
1940.....	29,796,520 "
1941.....	35,316,143 "
1942.....	36,985,909 "
1943.....	38,656,940 "
1944.....	37,806,568 "
1945.....	34,692,917 "
1946.....	30,764,000 "

Live Stock Population, 1946:	
Horses.....	501,000 No.
Cattle.....	1,278,000 "
Calves.....	490,100 "
Sheep and Lambs.....	896,400 "
Swine.....	1,104,000 "

Shipments of Cattle from Alberta:

1936.....	317,034 head
1940.....	177,100 "
1941.....	186,192 "
1942.....	180,492 "
1943.....	139,826 "
1944.....	179,477 "
1945.....	190,441 "
1946.....	200,437 "

Hog Marketings:

1936.....	1,039,466 head
1940.....	1,485,382 "
1941.....	1,950,659 "
1942.....	2,182,342 "
1943.....	2,392,334 "
1944.....	2,981,940 "
1945.....	1,946,159 "
1946.....	1,250,600 "

NATURAL RESOURCES STATISTICS

Coal Production:

1906.....	1,385,000 tons
1940.....	6,205,088 "
1941.....	6,970,064 "
1942.....	7,754,279 "
1943.....	7,677,982 "
1944.....	7,427,433 "
1945.....	7,801,248 "
1946.....	8,735,000 "

Petroleum Production:

1924.....	844 bbls.
1940.....	8,493,237 "
1941.....	9,908,643 "
1942.....	10,143,270 "
1943.....	9,674,548 "
1944.....	8,788,726 "
1945.....	8,055,440 "
1946 (estimated).....	7,138,500 "

Natural Gas Production:

1921.....	4,945,884 m.c.f.
1940.....	26,402,229 "
1941.....	28,305,429 "
1942.....	32,443,588 "
1943.....	34,161,548 "
1944.....	38,459,326 "
1945.....	45,771,595 "
1946 (Estimated).....	44,646,033 "

Value of Mineral Production:

1907.....	\$ 4,657,524
1940.....	35,092,337
1941.....	41,364,385
1942.....	47,359,831
1943.....	48,941,210
1944.....	51,066,662
1945.....	51,753,237
1946 (Estimated).....	58,432,386

Lumber Production:

1936.....	99,153,002 ft. b.m.
1940.....	170,381,332 "
1941.....	272,345,129 "
1942.....	228,703,426 "
1943.....	182,407,992 "
1944.....	203,386,563 "
1945.....	229,628,251 "
1946 (Estimated).....	278,000,000 "

Value of Commercial Fisheries Production:

1936.....	\$ 313,743
1940.....	450,167
1941.....	442,450
1942.....	492,176
1943.....	814,954
1944.....	928,820
1945.....	1,184,491
1946 (Estimated).....	1,265,000

STATEMENT No. 3—Continued  
GOVERNMENT OF THE PROVINCE OF ALBERTA

GENERAL STATISTICS

OTHER STATISTICS

Trade and Industry, 1946:	
Retail Trade.....	\$ 375,000,000
Wholesale Trade.....	245,000,000
Manufacturing Industries	235,000,000

Railway Mileage:	
1906 .....	1,060 miles
1936 .....	5,785 "
1940 .....	5,819 "
1941 .....	5,823 "
1942 .....	5,818 "
1943 .....	5,818 "
1944 .....	5,818 "
1945 .....	5,820 "
1946 .....	5,820 "

Schools in Operation:	
1936 .....	3,492
1940 .....	3,596
1941 .....	3,639
1942 .....	3,625
1943 .....	3,277
1944 .....	2,852
1945 .....	2,595
1946 .....	2,722

Motor Vehicles:	
1906 .....	41
1936 .....	97,468
1940 .....	120,514
1941 .....	126,127
1942 .....	125,482
1943 .....	127,559
1944 .....	127,416
1945 .....	130,153
1946 (Estimated).....	133,000

Surfaced Highways:

1921 .....	17 miles
1936 .....	2,307 "
1940 .....	3,494 "
1941 .....	3,839 "
1942 .....	4,192 "
1943 .....	4,724 "
1944 .....	6,260 "
1945 .....	7,231 "
1946 (Estimated).....	8,000 "

Bank Clearings:

1907 .....	\$ 115,461,698
1936 .....	538,913,234
1940 .....	547,610,159
1941 .....	656,777,923
1942 .....	741,657,907
1943 .....	958,263,300
1944 .....	1,147,802,212
1945 .....	1,199,123,087
1946 .....	1,441,386,752

Bank Debits:

1924 .....	\$1,092,062,297
1936 .....	1,096,155,091
1940 .....	1,407,066,802
1941 .....	1,654,889,535
1942 .....	1,799,614,115
1943 .....	2,334,248,809
1944 .....	2,741,476,861
1945 .....	2,873,406,487
1946 .....	3,036,964,322

Construction Industry—Contracts

Awarded:	
1924 .....	\$ 6,600,400 value
1936 .....	6,297,400 "
1940 .....	23,940,100 "
1941 .....	15,598,800 "
1942 .....	14,401,100 "
1943 .....	18,529,300 "
1944 .....	19,501,900 "
1945 .....	32,677,500 "
1946 .....	38,971,900 "